



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

Date: March 7, 2016

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IRS – Criminal Investigation

CI Release #: CI-2016-03-07-A

### **Houston Man Sentenced to More Than 10 Years in Prison for Biodiesel Fraud Scheme**

Philip Joseph Rivkin, aka Felipe Poitan Arriaga, was sentenced today in Houston, Texas, to 121 months in prison, three years of supervised release and to pay more than \$87 million in restitution and was ordered to forfeit \$51 million for generating and selling fraudulent biodiesel credits in the federal renewable fuel program, the Justice Department's Environment and Natural Resources Division announced.

In June 2015, Rivkin pleaded guilty to one count of mail fraud and one count of making a false statement under the Clean Air Act.

"Rivkin's abuse of the biodiesel program, a program designed to further our nation's energy independence and combat climate change, was an abuse against the American people," said Assistant Attorney General John C. Cruden for the Justice Department's Environment and Natural Resources Division. "This sentence should send a strong message that those committing fraud in the bio-diesel program will be vigorously prosecuted and sent to prison."

"Today we take another big step toward upholding the integrity of an important program that reduces greenhouse gas emissions and promotes energy independence," said Assistant Administrator Cynthia Giles for the Environmental Protection Agency's (EPA) for Enforcement and Compliance Assurance. "After years of persistence by EPA and our partners, we've brought a serious offender to justice for environmental crimes. This sentence deters would-be violators and helps protect responsible companies that follow the rules."

The Energy Independence and Security Act of 2007 created or extended several federally-funded programs that created monetary incentives for the production of renewable fuels, including biodiesel and to encourage the use of such fuels in the United States. Authorized biodiesel producers and importers could generate and attach credits—known as renewable identification numbers (RINs)—to biodiesel they produced or imported. Because certain companies need RINs to comply with regulatory obligations, RINs have significant market value.

As admitted in the plea agreement, beginning around February of 2009, Rivkin operated and controlled several companies in the fuel and biodiesel industries, including Green Diesel LLC, Fuel Streamers Inc. and Petro Constructors LLC, all based in Houston. Rivkin claimed to produce millions of gallons of biodiesel at the Green Diesel's Houston facility and then generated and sold RINs based upon this claim. In reality, no biodiesel was ever produced at

the Green Diesel facility. This scheme allowed the defendant to generate over 60 million RINs that were fraudulent, which were then sold to companies that needed to obtain them and resulted in millions of dollars in sales. Rivkin created false records and made false statements to conceal his fraudulent claims of biodiesel production, importation and RIN generation.

The collaborative investigation that led to today's sentence was the result of work by Environmental Protection Agency's Criminal Investigation Division, the United States Secret Service, Internal Revenue Service-Criminal Investigation, Homeland Security Investigations and the Guatemalan Special Investigations Unit, which worked with federal investigators to uncover the fraudulent nature of Rivkin's Guatemalan citizenship, which led to his deportation back to the United States.

The case is being prosecuted by Trial Attorney Leslie E. Lehnert of the Environmental Crimes Section of the Justice Department's Environment and Natural Resources Division.

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